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THE INTERIM

A REPORT OF INTERIM ACTIVITY . . . MONTANA LEGISLATIVE COUNCIL . . . HELENA

STATE DOCUMENTS COLLECTION

October 1987 Vol. VI No. 5

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Joint Interim Subcommittee on Welfare

Nov. 2 Is Date for First Meeting

The Joint Interim Subcommittee on Welfare will hold its first meeting on Monday, Nov. 2, at 9 a.m., in Room 104 of the Capitol.

Items on the agenda will include: election of committee officers, adoption of a committee study plan, and examination of issues relating to operation of the General Assistance Program.

Joint Interim Subcommittee on Basic Education

Officers Elected

Sen. George McCallum (R-Plains) was elected chairman of the Joint Interim Subcommittee on Basic Education at its organizational meeting on Sept. 17.

Rep. Ted Schye (D-Glasgow) was elected vice-chairman.

Study Plan Approved

The study plan drafted and presented by the staff for the study authorized under HJR 16 was approved by the Subcommittee, which also reviewed study plans prepared for the Legislative Finance Committee and the Board of Public Education, which are cooperating participants under the terms of HJR 16.

The Subcommittee also reviewed staff reports on schools' curricula and basic education in Montana and the nation.

on Setting

At the invitation of the Board of Public Education, members of the Subcommittee participated in the Direction Setting Public Meeting at the Helena Civic Center on Sept. 18. These discussions attracted over 500 educators, legislators, and other interested citizens.

Second Meeting Not Scheduled

A date was not selected for the next meeting, but Subcommittee members agreed as individuals to attend the meetings of the various task forces set up by the Board of Public Education to review and recommend accreditation standards. Those task force meetings will be held between October 1987 and March 1988.

Environmental Quality Council

Meeting Planned in Bozeman

The Environmental Quality Council will meet Oct. 22 and 23 at the Bozeman Public Library. The morning session on Oct. 22 (tentatively scheduled to begin at 9 a.m.) will focus on subdivision regulation, as the Council continues to work toward a consensus revision of state laws. Presentations will include a review of the unsuccessful House Bill 809 from the 1987 legislative session, a case study of subdivision issues in Bozeman, and a panel discus-

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Montana Legislative Council

sion on the directions the EQC subdivision study should take.

Forest Practices, Watershed Effects

During the afternoon, the Council will consider a draft work plan for its study of forest practices and watershed effects under HJR 49. New draft rules for implementing the Montana Environmental Policy Act (MEPA) will also be discussed in detail.

Hazardous Waste Services

The Oct. 23 session will include consideration of state and private efforts to provide hazardous waste services to Montana small businesses. The Council will also review the pesticide management program of the state Department of Agriculture and the application of MEPA review to that program. An increased state role in promoting biological control of noxious weeds will also be discussed.

Because the meeting agenda is subject to change, interested persons should contact EQC to confirm the date and time of specific presentations.

Legislative Audit Committee

Three Topics Discussed

The Legislative Audit Committee met Sept. 18 and discussed:

- the performance audit survey of the Workers' Compensation Division,
- a performance audit survey of the Transportation Division of the Department of Commerce, and
- the financial audit opinion on the Guaranteed Student Loan Program.

Contract Audits Awarded

The Committee considered and awarded bids for the contracted audits of:

- Multitech, Department of Health and Environmental Sciences;
- Montana State Lottery, Drawing Observations; and
- Montana State Lottery, Financial Audit.

Transloading Facility

The Committee also discussed the requests of Senator Aklestad and Representatives Bachini and Peck for an audit of the process of the selection of the transloading facility site. In response to the requests, the Committee directed the Department of Commerce to correspond directly with concerned legislators and to follow up with the Audit Committee regarding shipping commitments obtained in comparison to the estimates included in the Butte proposal.

Meeting Set Dec. 4

The next meeting was scheduled for Dec. 4.

Copies of all reports may be obtained at the Legislative Auditor's Office, Room 135, State Capitol, or by calling 444-3122.

Legislative Council

Council Actions

At a meeting on Sept. 12, the Legislative Council:

- Appointed Dave Bohyer to the position of Research Director.
- Authorized the filling of two vacant researcher positions in the research division.
- Approved a recommendation that Montana not participate in phase 2 of the PL 94-71 Census Redistricting Data Program and directed that the Governor be notified of this position.
- Determined that Montana need not attempt to intervene as a friend of the court before the Supreme Court of the United States in a dispute between the Pennsylvania legislature and the U.S. District Attorney. This action had been urged on legislative leaders by the Pennsylvania legislature.
- Asked Council staff to continue review of legal issues associated with legislator purchases of personal computers through the state term contract and to advise Senator Neuman of the outcome. Supported staff inclusion of planning for legislator use of PCs in the future. Some interest had been expressed in the purchase of PCs by legislators through the term contract. This is not possible, however other options for lower costs may be arranged. Members interested in programs and equipment used and supported by legislative staff may contact the Council office for information.
- Commended the Code Commissioner and his staff for excellent performance in the MCA publication.

Legislative Publications

All major publications reporting or incorporating the results of the 50th Legislature's regular session have now been completed and shipped. Legislators should have received copies of the Journals by the time this newsletter arrives. Session Laws, Legislative Review, and History and Final Status arrived earlier. Members who have purchased sets of the Code should have received those by now.

Members with questions about their publications should contact the Legislative Council office.

On-line Code

The Legislative Council has entered into a contract with Mead Data Central, an Ohio corporation engaged in the development of electronic data bases and on-line computer-assisted services for use of the legal profession and other persons. The Legislative Council in return for consideration has agreed to supply Mead Data with magnetic tapes containing the statute text of the Montana Code Annotated.

Mead Data is limited to using the tapes to produce an on-line version of the MCA as part of its "LEXIS" service. A user will be able to access the statute text from a dedicated terminal and will be able to search for specific provisions of the Code.

Montana is the eighth state to enter into an agreement with Mead Data for use of its statutes in the "LEXIS" service.

Initiative Petitions Reviewed

1) Ban on parking meters - Gary Marbut

2) Ban on property taxes - Friends of the Constitution, Inc.

- As explained in the last issue of the *Interim*, copies of the proposal and correspondence concerning the proposal are available from the Secretary of State.

Legislative Council Library

The library project to check all 1987 committee minutes is finally completed. The purpose of this project was to make certain that the original committee minutes and their exhibits were in order and in the right day. These then are to be microfiched. Records Management expects to complete filming the House committee sets by Oct. 2. The Senate set is ready to be filmed the next week followed by Appropriations and its subcommittees. These microfiche will then be available for purchase at the cost of production.

Legislative Finance Committee

General Fund Revenue Report

According to a staff report, fiscal 1987 general fund revenue totalled $346.7 million. This compares with an LFA forecast of $351.8 million or a difference of 1.4%. On June 30, 1987, the general fund balance was $10.3 million, $0.7 million less than the $11.0 million predicted. The largest revenue shortfall occurred in corporation taxes, where general fund revenue was $9.1 million less than forecast due to a sharp drop in profitability. Smaller shortfalls were experienced in interest on investments, inheritance taxes, and public institutions reimbursements. Partially offsetting these differences was the $6.5 million by which actual individual income taxes exceeded the forecast.

Despite lower than anticipated general fund revenue, the fund balance was close to expectations because of the reversion of $9.6 million from the school foundation appropriation. The large reversion was possible because of unexpected and one-time payments of U.S. minerals royalties and education trust fund earnings, which reduced the need for general fund. Neither the revenue nor fund balance figures have been audited to insure their conformance with generally accepted accounting principles (GAAP). When the statewide audit is completed later this year, the final revenue and fund balance may differ from current estimates.

Medicaid Reimbursement for Diagnostic Related Groups

The Committee heard an informational report by the Department of Social and Rehabilitation Services on its progress in the development of a reimbursement system for inpatient hospital care based on DRGs. This is similar to the system used by Medicare. The department stated the new system was scheduled for implementation Oct. 1, 1987, and that it would cost no more or less than use of the current cost-based system in the year of implementation. Savings would occur in the future because costs would be more subject to control. While on a statewide basis under the DRG system hospitals would be paid no more or less than under the current cost-based system, an individual hospital may receive more or less than it would have under the cost-based system.

Coal Tax Oversight Subcommittee

Parks, Highways Reports

At its meeting on Sept. 11, the Coal Tax Oversight Subcommittee heard reports from the Department of Highways and the Department of Fish, Wildlife, and Parks on the use of coal severance tax funds.

Department of Highways Director Gary Wicks said that between fiscal 1988 and fiscal 1993, the Reconstruction Trust Fund will finance reconstruction or improvement of 1,266 miles of Primary Highway system, and 252 miles of that work, or about one full year of RTF work, will be financed by coal severance tax money.

Fish, Wildlife, and Parks Director Jim Flynn explained the financing of the State Parks system and the importance of coal severance tax money in this program. During the lunch hour, the Subcommit-

tee inspected the improvements at Spring Meadow Lake on the west edge of Helena. That property was purchased and developed with coal severance tax money. The Subcommittee was told of the need for money for operation and maintenance of all units of the State Parks system, but particularly for those where extensive improvements have occurred.

Next Meeting December 11

The Subcommittee affirmed the tentative date of Friday, Dec. 11, for its third meeting in Room 104 of the Capitol in Helena, when reports will be heard from five agencies using coal severance tax funds.

Revenue Oversight Committee

Updates on Studies Heard

The Revenue Oversight Committee met Sept. 11 when staff provided the Committee with updates on interim studies on property reappraisal (HJR 48) and gasoline license tax collection procedures (HJR 56), meetings between the Department of Revenue and oil and gas industry representatives concerning the department's audits of oil and gas net proceeds tax returns, and implementation of SB 200 (taxes on vehicles).

The Committee also discussed proposed rules implementing the provisions of HB 904 relating to the capital gains exclusion.

Sales Tax Study Rejected

Rep. Dorothy Bradley presented the Committee with a proposal for addressing a projected state budget deficit of $62 million, property tax reform, and equalization issues. Representative Bradley asked the Committee to consider studying the sales tax issue during the interim. Following considerable discussion, the Committee defeated a motion to undertake a sales tax study.

Attorney General Opinion Disputed

Also during the meeting, John LaFaver, Director of the Department of Revenue, explained his objections to the recent attorney general's opinion interpreting provisions of I-105 and SB 71 (property tax freeze). Mr. LaFaver noted that he has asked the Attorney General to reconsider his opinion, particularly as it relates to the exception in SB 71 permitting an increase in the number of mills levied if a taxing unit's valuation decreases by 5% or more. The Committee concurred with Mr. LaFaver's opinion that the Legislature intended that the 5% exception be continuing in nature and agreed to notify the Attorney General of its concurrence.

Nov. 20 Date Selected

The next Revenue Oversight meeting is scheduled for Nov. 20 in Helena.

Water Policy Committee

Consultant Selected

The law firm of Saunders, Snyder, Ross and Dickson, P.C., of Denver, Colo., has been selected to evaluate Montana's water rights adjudication process. The purpose of the study is to determine if the process is sufficient to meet statutory mandates, federal McCarran Amendment requirements, and other due process and separation of powers concerns. Glen Saunders, a senior partner in the firm, was one of the drafters of the McCarran Amendment.

The study will last approximately one year, and results will be provided in a report to the Legislature. At a meeting tentatively scheduled for Dec. 11, the committee will discuss the consultant's detailed study design and address other topics, including water research.

Western States Legislative Forestry Task Force

Alberta Timber Resources Studied

Sens. Elmer Severson and Ray Lybeck and Rep. Bernie Swift joined delegates from five other states and the provinces of British Columbia and Alberta for a meeting of the Western States Legislative Forestry Task Force at Edmonton, Alta., Sept. 18-20.

Reviewed were the silvicultural activities and the timber resource programs of the province of Alberta, which has a current timber production of 2 billion board feet with the potential to surpass 14 billion board feet. A management and regeneration program is in place, which can bring the resource timber program up.

Activities included a tour of the Pine Ridge Nursery at Smokey Lake, Alta. The task force reviewed processes and plant facilities and future timber resource programs. The nursery has a yearly production level of 20 million seedlings, mainly lodgepole pine and white spruce, which is about one-third bare-root stock and two-thirds container-produced stock.

Meeting Planned at Monterey Peninsula

The task force approved eight resolutions and set its next meeting at Monterey Peninsula in California Jan. 8-10, 1988, when it will discuss wildfire protection on forest land intermixed with urban development.

Five-State Legislative Conference

Peck is Chairman, Montana to Be Host

Rep. Ray Peck of Havre was elected chairman of the Five-State Legislative Conference at the biennial meeting in Bismarck, N.D., on Sept. 10 and 11. Members of the Conference are the states of Montana, Nebraska, North Dakota, South Dakota, and Wyoming. Sen. Ted Neuman of Vaughn was elected vice chairman, and Montana was selected to host the 1989 meeting.

A steering committee will be named to plan the meeting that will occur during Montana's statehood centennial year.

Attending the Bismarck meeting with Peck and Neuman was Sen. H. W. (Swede) Hammond of Malta.

Resolutions Approved

Among the resolutions adopted were two substantive measures of particular significance to Montana:

- On merchandising of grain: to assure the uniformity of marketing practices, require the use of the infrared reflectants analyzer to avoid inaccurate protein readings.
- On regulation of oil and gas exploration and production waste: these materials are now exempt from classification as hazardous waste under the federal Resource Conservation and Recovery Act, and Congress will decide whether to extend this exemption after the Environmental Protection Agency submits its study report on the disposal of these wastes at the end of this year; the EPA is urged to recommend that these wastes continue to be exempt from federal regulation and remain under the jurisdiction of the individual states.

Rep. Gilbert Heads Association

Rep. Bob Gilbert (R-Sidney) was installed as president of the Montana Motor Carriers' Association on Sept. 18 at the group's annual convention in Kalispell.

Recent Agency Publications

Legislative Council

- Research Report. Summary of Activities of Past Legislative Indian Affairs Committees
- Research Memoranda:
  Oil and Gas Net Proceeds Audits
  Implementation of Senate Bill No. 200 Ad Valorem Tax on Light Vehicles
- Legal Memorandum: Litigation Involving the State of Montana and Montana Indian Tribes

LEGISLATIVE INTERIM CALENDAR

OCTOBER

SUNDAY	MONDAY	TUESDAY	WEDNESDAY	THURSDAY	FRIDAY	SATURDAY
				1	2 ACC-Rm. 104 10am	3
4	5	6	7	8	9 House Leg. Adm. Comm.-Rm.132 1pm	10
11	12	13	14	15	16	17
18	19	20	21	22 ------EQC - BOZEMAN------ Public Library	23	24
25	26	27	28	29	30	31 HALLOWEEN

*ALL MEETINGS ARE SUBJECT TO CHANGE

LEGISLATIVE INTERIM CALENDAR

NOVEMBER

SUNDAY	MONDAY	TUESDAY	WEDNESDAY	THURSDAY	FRIDAY	SATURDAY
1	2 COMM. ON WELFARE RM. 104 9am	3	4	5	6	7
8	9	10	11 VETERANS DAY	12	13	14
15	16	17	18	19	20 REVENUE OVERSIGHT COMMITTEE Rm. 108 9 am	21
22	23	24	25	26 THANKSGIVING	27	28
29	30					

*ALL MEETINGS ARE SUBJECT TO CHANGE

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